GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1598
ANSWERED ON:04.03.2016
Cheque Bounce Cases
Karadi Shri Sanganna Amarappa;Patel Smt. Jayshreeben

Will the Minister of FINANCE be pleased to state:

(a) whether the cheque related frauds have increased manifolds in the country and if so, the details thereof during the last three years and the current year, State-wise;
(b) the number of cases relating to bouncing of cheques are pending for disposal in various courts of the country, State-wise;
(c) whether the Government has any proposal to amend the Negotiable Instruments Act to deal with such cases and if so, the details thereof; and
(d) the other steps taken/being taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) & (b): As reported by the Reserve Bank of India (RBI), the details of cheque related frauds reported by the banks to RBI are given in Annexure-I

(c): The Negotiable Instruments (Amendment) Bill, 2015, as passed by the Parliament, received the assent of the President on the 26th December, 2015. The Negotiable Instruments (Amendment) Act, 2015 was notified on 29.12.2015 which is focused on clarifying the jurisdiction related issues for filing cases for offence committed under section 138 of the Negotiable Instruments Act, 1881. The Negotiable Instruments (Amendment) Act, 2015, facilitates filing of cases only in a court within whose local jurisdiction the bank branch of the payee, where the payee delivers the cheque for payment through his account, is situated, except in case of bearer cheques, which are presented to the branch of the drawee bank and in that case the local court of that branch would get jurisdiction. The Negotiable Instruments (Amendment) Act, 2015 also mandates centralization of cases against the same drawer. The clarity on jurisdictional issue for trying the cases of cheque bouncing would increase the credibility of the cheque as a financial instrument. This is expected to help the trade and commerce in general and allow the lending institutions, including banks, to continue to extend financing to the productive sectors of economy, as the process of pursuing the cheque bouncing cases relating to loan default has been made simpler and efficient through the amendments to the Negotiable Instruments Act, 1881.

(d): RBI has issued circular on "Cheque related fraud cases - preventive measures" vide DBS.CFMC.BC.No. 006 /23.04.001/2014-15 dated November 5, 2014. Banks are advised to review and strengthen the controls in the cheque presenting/passing and account monitoring processes and to ensure that all procedural guidelines including preventive measures are followed meticulously by the dealing staff/officials. Further banks are advised to take appropriate precautionary measures to ensure that the confidential information viz., customer name / account number / signature, cheque serial numbers and other related information are neither compromised nor misused either from the bank or from the vendors' (printers, couriers etc.) side.

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